

Washington, D.C. - With an eye on preventing future shocks to the American economy and improving the nation's ability to compete on a global stage, Congresswoman Melissa Bean (IL-08) joined her colleagues in the New Democrat Coalition to announced a plan for regulatory reform of the financial services industry.

President Obama has said that new "rules of the road" for our financial system are critical to preventing another steep recession like the one Americans are experiencing now. As a Vice-Chair of the pro-growth New Democrat Coalition, and co-chair of its Financial Services Task Force, Bean has been working closely with the Obama Administration and Financial Services Committee Chairman Barney Frank to determine a broad framework for reform to our outdated regulatory system to ensure efficient and effective regulatory oversight, enhance market stability and transparency, and provide for robust consumer and investor protection.

"Regulatory reform may not be glamorous, but it is vitally important to creating a functional, sustainable financial system that families and businesses can count on," Bean said. "We must avoid future breakdowns that jeopardize the value of our pensions, our homes, our businesses and our national economy."

The New Dems released their 21 principles for regulatory reform at a Capitol Hill press conference Thursday. The New Dem Financial Services Task Force, co-chaired by Bean and Rep. Jim Himes (CT-04), crafted the principles, which will guide New Dem strategy on crafting legislation for the coming year.

As a caucus dedicated to restoring economic growth and improving America's ability to compete in a global economy, the New Dems know the value of a smoothly functioning financial system to our small businesses and economy. With 16 members on the Financial Services Committee and many Members with private sector financial experience, the coalition has the expertise and the will to help Chairman Frank and the Administration guide a regulatory reform agenda through Congress.

The principles are as follows:

NEW DEMOCRATS' PLAN FOR CREATING A 21st CENTURY FINANCIAL REGULATORY STRUCTURE

With the near collapse of our financial system last fall, the American people are expecting Congress to modernize and reform our financial regulatory structure. The Democratic Caucus is looking to New Dems for leadership and counsel on these complicated issues. New Dems are well positioned with 16 Members on the Financial Services Committee and many Members with private sector financial experience

As Congress considers comprehensive regulatory reform, New Dems will advocate efficient, effective regulation that strengthens consumer and investor protections and promotes market stability and transparency. In addition we support legislation which creates uniform financial

regulatory standards across national and international markets.

Efficient and Effective Regulation

1. Create a systemic risk regulator that can monitor systemically important institutions and their counterparties to mitigate the risk of systemic collapse.
2. Reduce redundant regulatory structures in exchange for robust regulatory oversight.
3. Ensure oversight over new financial instruments that currently do not have regulatory oversight.
4. Require regulators to use prudential supervision to proactively work with those they regulate to prevent violations and keep communication lines open to better monitor efficacy and unintended consequences.
5. Increase coordination and communication between federal regulators through expansion of the President's Working Group on the Financial Markets to include all federal financial regulators.
6. Modernize the regulation and oversight of the insurance industry to ensure adequate information and a consolidated U.S. position in international trade discussions.

Market Stability and Transparency

1. Reform how regulators evaluate capital requirements when using fair value accounting values (mark to market) on hold to maturity assets in a temporarily impaired market.
2. Prohibit excessive leverage on debt and derivative instruments by requiring necessary capital reserves to prevent against the potential risk of default.
3. Create a countercyclical mechanism to temper extreme market fluctuations.
4. Support measures to prohibit manipulation that can lead to extreme fluctuations in securities prices that could destabilize fair and orderly markets.
5. Support open exchanges and price disclosure to increase transparency in opaque markets like the credit default swaps market
6. Require lenders to hold a small percentage of loans in a first loss position to ensure originators retain some stake in the loans they underwrite.
7. Conduct a thorough review of rating agencies' methodologies, models and compensation structures to ensure that ratings are accurate and not subject to conflict.
8. Hold Treasury accountable to regularly collect data from all federal sources that receive financial data from recipients of TARP funds.

Robust Consumer and Investor Protection

1. Aggressively pursue a multi-tiered strategy that prevents unnecessary foreclosures for credit worthy borrowers while protecting taxpayers and preserving the moral hazard principle.
2. Work towards reintroduction of mortgage reform legislation and pass into law.
3. Ensure that credit is available and appropriate for consumers through strengthened oversight and regulation of predatory loans while protecting businesses' ability to price for risk.
4. Hold federal financial regulators accountable for enforcement of consumer and investor protections.
5. Protect and continue to encourage simpler disclosure of status and terms and conditions of Americans' retirement and investment accounts.
6. Reduce incentives for excessive risk taking and improve corporate governance by empowering shareholders.
7. Increase fraud prevention efforts.

About the New Democrat Coalition

Founded in 1997, the New Democrat Coalition has built a reputation as the "go-to" group in Congress on the critical issues of economic growth, technological innovation, and national security. New Democrats are committed to enacting policies that encourage economic growth, maintain U.S. competitiveness, meet the challenges posed by globalization in the 21st century, and strengthen our standing in the world. With almost seventy House Members hailing from every region of the country, New Democrats are intent on modernizing the Democratic Party and the country.

About the Leaders of the New Dem Financial Services Task Force

Financial Services Task Force Co-Chair Congresswoman Melissa L. Bean (IL-08) is serving her third term in the House of Representatives, is a Member of the House Committee on Financial Services, and is Vice-Chair of the New Democrat Coalition. Congresswoman Bean brings her 20-year business and entrepreneurial background to her role in Congress, having built revenues in sales management positions at leading technology companies before founding her own consulting firm in 1995, which for nine years served high-tech Fortune 1000 clients worldwide.

Financial Services Task Force Co-Chair Congressman Jim Himes (CT-04) is serving his first term in the House of Representatives and is a member of the House Financial Services Committee. Congressman Himes most recently led the New York office of Enterprise Foundation, a nonprofit institution that combines the resources of private, public, and community organizations to address complex issues of urban poverty, after leaving his 12-year career at Goldman Sachs, where he served as a Vice President.

Additional Financial Services Task Force Members include Congressman John Adler, Congressman Andre Carson, Congressman Bill Foster, Congressman Ron Klein, Congresswoman Suzanne Kosmas, Congressman Dan Maffei, Congresswoman Carolyn McCarthy, Congressman Mike McMahon, Congressman Dennis Moore, Congressman Jim Moran, Congressman Ed Perlmutter, Congressman Gary Peters, and Congressman David Scott.